

**Police Pension Fund
Board Minutes
Of
September 13, 2007**

PRESENT: Thomas M. McMahon, David M. Cituk, Ryan Hottenstein, William Heim, Louis R. Rizzuto (Solicitor), Toyia Reed (HR Coordinator/Pension)

ABSENT: Kevin L. Rudy, Michael A. Fizz

ORDER: Meeting was called to order by Mayor, Thomas McMahon @ 10:07 A.M.

PRESENTER: **Roger Barilani – Wachovia Securities
Re: Portfolio Review**

Mr. Barilani informed the Board the current portfolio value is \$77.5 million. The portfolio was rebalanced in August; the rebalancing consisted of \$37.0 million in Equities, \$37.0 million in Fixed, and the excess is Cash. Upon receipt of the 2007 Valuation Report Mr. Barilani and the Board will decide what to do with the Cash. Mr. Barilani raised some issues with the DROP Program to the Board. The first issue is Authorization; at the previous meeting the Board authorized retired Officer David Bucks to get his distribution out of the DROP Account. Mr. Barilani has not received anything in writing stating that Wachovia Securities has the authorization to move the funds from the DROP Account. Retired Officer Bucks funds cannot be removed from the DROP account until Wachovia Securities has written authorization to do so. Toyia will draft a written authorization to resolve this matter. Mr. Barilani informed the Board that Wachovia Securities received the check to resolve the issue of missing DROP payments from various DROP accounts. Mr. Barilani informed the Board the Electronic Transfer of DROP funds is working smoothly.

MINUTES: **MOTION** by Cituk/Heim to approve the minutes as amended and dated August 9, 2007.....**MOTION PASSED UNANIMOUSLY.**

**FINANCIAL
REPORTS:** **MOTION** by Cituk/Heim to approve the following financial Reports ...**MOTION PASSED UNANIMOUSLY.**

Financial Report	August 2007
Statement of Transactions	August 2007

OLD
BUSINESS:

1. Military Buyback

The Police Pension Fund Ordinance has been presented to City Council to amend the Police Pension Fund Ordinance in an effort to correct the 15-7% to 15.7% typographical error.

2. D.R.O.P. Manual Update

Solicitor Lou Rizzuto is working on the corrections and additions to the DROP Manual. Once the ordinance is passed and attached as an exhibit the manual will be complete.

3. Cost of Living Adjustment

The Board is currently awaiting the results from Milliman (actuary) on the actuarial study.

4. David Bucks – Interest on DROP Funds

Officer Bucks expressed concern of the lost opportunity to gain interest on DROP Funds not deposited into his DROP account. The Board is willing to resolve the matter of interest. **MOTION** by Cituk/Hottenstein to accommodate individuals by paying a 5% interest rate on DROP funds not deposited into their DROP accounts in a timely manner. **MOTION PASSED UNANIMOUSLY**

Chief Heim – Buyback

Solicitor Louis Rizzuto has completed research on this matter on whether Chief Heim can purchase an additional (6) Years towards retirement. The Chief is a member of the Pension Fund. The Chief is not a member of the bargaining unit. The City of Reading has entered into a contract with the Chief. The City of Reading has also entered into a contract with the bargaining unit. Any agreement made should be enforceable. In referencing Title 53 P 39304; there is an indication that all participants are required to equal participation within the Fund. In referencing Page (1) of the contract, it states that the Contract was made and entered into on January 12, 2006. In referencing Section (1) of the contract, it states that the agreement shall remain in full force effective February 1, 2006. In referencing Page (5) of the contract, it states that the effective date of this agreement is January 23, 2006. This contract is agreed by the undersigned February 7, 2006. In referencing Section (7) of the contract, it states that the Chief has the option to purchase additional years of service in the City of Reading Police Pension Fund accruing up to February 1, 2006. Solicitor Rizzuto suggests that the contract be amended by City Solicitor Charles Younger in regard to the dates. **MOTION** by Cituk/Hottenstein to approve Chief Heim's request to buy (5) Years parallel to the Uniformed Unionized Officers and also at his request to buy back previous (3) years of service...**MOTION PASSED 3 to 1.**

**NEW
BUSINESS:**

Five (5) Year Buyback Rate Adjustment

Ryan Hottenstein, Board Member, Finance Director has suggested that in moving forward, the Board must consider adjusting the buyback rate because it is going to become extremely costly to this Board.

ADJOURNMENT: **MOTION** by Hottenstein/Heim to adjourn @ 11:10 A.M.

Respectfully submitted _____
Pension Coordinator